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IN THE

Supreme Court of the United States

OCTOBER TERM, 1941.

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

vs.

S. S. KRESGE COMPANY,

Respondent.

PETITION OF MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS FOR THE SIXTH CIRCUIT, AND BRIEF IN SUPPORT THEREOF.

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THE BUNTHORP-WARREN PRINTING COMPANY, 310 WEST JACKSON, CHICAGO

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PETITION OF MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS FOR THE SIXTH CIRCUIT.

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your Petitioner, Mishawaka Rubber and Woolen Manufacturing Company, respectfully prays for a Writ of Certiorari to the Circuit Court of Appeals for the Sixth Circuit to review the judgment of that Court entered on the 18th day of April, 1941 (petition for rehearing denied June 25, 1941). A transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with the rules of this Court.

Summary and Short Statement of the Matter Involved.

Petitioner, Mishawaka Rubber and Woolen Manufacturing Company of Mishawaka, Indiana, in a civil action in the District Court for the Eastern District of Michigan against Respondent, S. S. Kresge Company of Detroit, Michigan, sought an injunction and accounting of profits and damages for infringement of Petitioner's registered trade-mark and for unfair competition. The District Court found Respondent guilty of both trade-mark infringement and unfair competition after direct notice (R. 253, par. 5) and ordered an injunction and an accounting of profits.

Respondent did not appeal from the decision of the District Court but Petitioner, being denied adequate relief both as to injunction and accounting, appealed to the Court of Appeals. The appellate court refused further relief and affirmed the judgment of the District Court.

Petitioner has for many years manufactured at Mishawaka, Indiana and sold throughout the United States, boots and shoes and other products and used thereon and in connection with the sale thereof a trade-mark consisting of a red circular figure, which it registered on May 28, 1901, Registration No. 36,471, and renewed on May 28, 1931 under the Trade-Mark Act of 1905.

Petitioner's boots and shoes are provided with rubber heels to which its red circular figure trade-mark is directly and permanently applied at approximately the center of the tread face. (For convenience, a photograph showing Petitioner's heel and Respondent's heels is included herewith, following page 22. The Petitioner's heel is marked Plaintiff's Exhibit No. 16.)

Respondent, S. S. Kresge Company of Detroit, Michigan, which operates a nation-wide chain of retail stores and sells general merchandise at low prices, began in 1933 to display on the counters of its various stores and to sell

therefrom rubber heels bearing a red circular mark located at approximately the center of the tread face of the heel, said mark having a Crusader head embossed thereon. (See photographic insert, Plaintiff's Exhibit No. 79.)

Although Petitioner, on May 9, 1933, notified Respondent that said red circular mark on Respondent's rubber heels infringed Petitioner's red circular figure trade-mark, Respondent not only continued to display and sell in its stores rubber heels bearing said red circular mark but proceeded in addition thereto at intervals thereafter and notwithstanding further notice on February 15, 1934, June 14, 1934 and August 11, 1934, to display with said rubber heels and to sell rubber heels bearing exactly the same mark in an orange color (See photographic insert, Plaintiff's Exhibit No. 59) also rubber heels bearing a tan diamond mark (See photographic insert, Plaintiff's Exhibit No. 33) with a Crusader head embossed thereon like that of said red and orange circular marks, also rubber heels bearing another red circular mark with an Indian head embossed thereon (See photographic insert, Plaintiff's Exhibit No. 54), also rubber heels bearing exactly the same circular mark with Indian head but in a green color (See photographic insert, Plaintiff's Exhibit No. 37) and also rubber heels bearing a beige color circular mark (See photographic insert, Plaintiff's Exhibit No. 48).

These rubber heels of Respondent with the various colored marks thereon, including both of the red circular marks, were displayed together by Respondent in the various stores at the same counters and in the same bins indiscriminately mixed together, and Petitioner has contended that this mixing of the heels and the similarities of the colored marks and also the similarities of other markings imparted to all the rubber heels the same significance of origin and to the heels with the marks of other

color the same significance of origin as the infringing red marked heels.

While the decision of the District Court is quite extensive, due to numerous amendments and additions to the original findings, the essential and controlling facts originally found and retained throughout the amendments are that

> "Continuously since on or about 1898 the plaintiff has used a trade-mark for its goods consisting of a circular figure or ball colored red and applied directly to the tread face of the plaintiff's rubber heels at approximately the center thereof. This trade-mark was registered in 1901 and its registration has been renewed and all rights to said trade-mark are still owned by the plaintiff." (R. 250, par. 3)
>
> "* * * the trade-mark (of defendant) is so applied that the most prominent part is a circular plug of red or reddish color so closely resembling that of the plaintiff that it is difficult to distinguish the products sold by the defendant from the plaintiff's products." (R. 251, par. 8)
>
> "The ordinary purchaser, having become familiar with the plaintiff's trade-mark, would naturally be led to believe that the heels marketed by the defendant were the product of the plaintiff company." (R. 251, par. 9)
>
> "The heels sold by the defendant were of inferior quality as compared to the heels manufactured and sold by the plaintiff and attached to their product and this tended to destroy the good will created by the plaintiff in the manufacture of its superior product. Likewise, when one of the defendant's heels was attached to footwear not manufactured by the plaintiff it would tend to cause purchasers to believe that the entire article of footwear was manufactured by the plaintiff." (R. 252, par. 11)
>
> "The markings on the products marketed by the defendant are an infringement of plaintiff's trade-mark and the methods used in the sale of defendant's products constituted unfair competition." (R. 252, par. 12)

It was also originally found by the District Court that

> "Upon discovery by the plaintiff of the defendant's sale of the above-described type heels and heel lifts, the plaintiff notified the defendant of its trade-mark of the red circular ball figure and thereafter defendant stopped giving orders to its supply company for heels and heel lifts bearing a red circular figure, but did order for its counters heels bearing circular figures in orange, green, tan, yellow, and also figures with a square or diamond shaped plug in yellow, tan, and other colors. Defendant mixed these heels indiscriminately on its counters with the heels it had remaining in stock with the red circular figure." (R. 251, par. 10).

and while this paragraph was thereafter subjected to discussion in open court and other findings were added later relating to the same subject matter, the original above quoted finding appears to remain unaltered. Moreover, the Court of Appeals refers to Respondent's indiscriminate mixing (R. 437) and sale of heels with other color marks from the same bins and counters in which the heels bearing Respondent's red circular marks were displayed. (R. 438).

The District Court found as a conclusion of law that

> "The defendant is guilty of infringing plaintiff's trade-mark and is guilty of unfair competition and such trade-mark infringement and unfair competition continued after direct notice to the defendant." (R. 253.)

and thereupon entered as its decree (R. 322) a decree prepared by the Respondent (R. 312) ordering an injunction extending only to the Respondent's heels bearing any red or reddish circular ball figure and ordering an accounting limited to profits and restricted to those profits on Respondent's sales

> "to purchasers who were induced to buy because they believed the heels to be those of plaintiff (Petitioner) and which sales plaintiff (Petitioner) would otherwise have made".

The Court of Appeals, without disturbing the findings of the District Court, affirmed the judgment of that court.

Because the judgment affirmed by the Court of Appeals is contrary to prevailing and controlling law, this Petition for Certiorari is presented.

Jurisdiction.

1. The date of the judgment to be reviewed is April 18, 1941; petition for rehearing denied June 25, 1941.

2. The judgment was rendered in a civil action involving trade-mark infringement, under the trade-mark statutes, and unfair competition.

3. The statutes under which jurisdiction is invoked are: 240(a) of the Judicial Code, 28 U. S. C. 347; 28 U. S. C. 350; and Secs. 12 and 18 of the Trade-Mark Act of 1905, as amended, 15 U. S. C. 92 and 98.

4. While this is a suit involving trade-mark infringement and unfair competition, the questions submitted for review are not limited to this specific controversy but are general questions raised by the decision of the Circuit Court of Appeals for the Sixth Circuit. Jurisdiction is shown under Rule 38(5b) of this Court as follows:

a. A decision of a federal question in a manner conflicting with the applicable decisions of this Court.

b. Conflict in important respects between the Circuit Court of Appeals for the Sixth Judicial Circuit and the courts of appeals of other judicial circuits on the same questions of law.

c. Important questions of federal law which have not been but should be settled by this Court.

5. Cases believed to sustain the jurisdiction are:

S. S. Ansaldo San Giorgio I v. *Rheinstrom Bros. Co.*, 294 U. S. 494.

Mumm v. *Decker & Sons*, 301 U. S. 168.
Magnum Import Co. v. *De Spoturno Coty*, 262 U. S. 159.
Hutchinson, Pierce & Co. v. *Loewy*, 217 U. S. 457.

Questions Presented.

1. Where accounting of profits is ordered for infringement of a trade-mark registered under the Act of 1905, are profits restrictable to sales to purchasers who were induced to buy because they believed the goods to be those of the trade-mark owner and which sales the trade-mark owner would otherwise have made?

2. Where a decree is rendered for wrongful use of a trade-mark registered under the Act of 1905 and the District Court whose judgment is affirmed found that defendant's infringement tended to destroy plaintiff's good will to an extent beyond the particular articles as to which profits are awarded, should damages be denied?

3. When a defendant has been found guilty of trade-mark infringement and unfair competition, should such defendant be permitted to continue to sell goods bearing trade-marks exactly like the infringing trade-mark except for color and which by virtue of defendant's long mixing and side by side association with the goods bearing the infringing marks, have acquired the same significance of origin as the goods bearing the infringing trade-marks?

Reasons for Allowing the Writ.

1. Because the Court of Appeals for the Sixth Circuit, in assessing profits for infringement of a trade-mark registered under the Trade-Mark Act of 1905, limited profits to lost sales resulting from actual deception,

(a). This ruling is contrary to the controlling Act of Congress.

(b). This ruling conflicts with the applicable decisions of this Court.

(c). This ruling conflicts with the holdings of the Courts of Appeals for the Third and Seventh Circuits in the same matter.

2. Because the Court of Appeals for the Sixth Circuit affirmed the judgment of the District Court which found damage to the Petitioner arising out of the Respondent's acts of trade-mark infringement, but refused to allow an accounting for damages,

(a). This refusal of damages ignores the controlling Act of Congress.

(b). This refusal of damages conflicts with the holdings of the Court of Appeals for the Seventh Circuit in the same matter.

3. Because the Court of Appeals for the Sixth Circuit refused to enjoin the continued sale by the Respondent of heels bearing marks exactly like the infringing marks except for color and which by association had acquired the same significance of origin as the infringing marks,

(a). This involves a question of the law of trade-marks (and unfair competition) which has not been but should be settled by this Court.

Respectfully submitted,

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

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Respondent.

BRIEF IN SUPPORT OF PETITION FOR CERTIORARI.

THE OPINIONS OF THE COURTS BELOW.

The opinion of the District Court is not reported but will be found beginning at page 250 of the record, and continued on pages 285-290, 299-303, and 322, 323 thereof.

The opinion of the Court of Appeals for the Sixth Circuit is reported in 119 F. 2d 316 and will also be found beginning at page 436 of the record.

Point I.

The Court of Appeals for the Sixth Circuit, in Assessing Profits for Infringement of a Trade-Mark Registered Under the Trade-Mark Act of 1905, Limited Profits to Lost Sales Resulting from Actual Deception.

(a) This ruling is contrary to the controlling Act of Congress.

(b) This ruling conflicts with the applicable decisions of this Court.

(c) This ruling conflicts with the holdings of the Courts of Appeals for the Third and Seventh Circuits in the same matter.

(a).

This ruling is contrary to the controlling Act of Congress.

The District Court found that certain of the heel trade-marks used by the Respondent were an infringement of the Petitioner's registered trade-mark and enjoined the Respondent from selling heels bearing the infringing marks. The District Court also ordered an accounting for the profits which the Respondent derived from its sales of the infringing heels. Pursuant to the request of the Respondent, the District Court ruled that in assessing profits, the Petitioner would be required to prove that the purchasers were induced to buy because they believed the heels to be those of the Petitioner, and that the Petitioner would otherwise have made those sales. The Court of Appeals affirmed this holding.

Section 19 of the Trade-Mark Act of 1905 (15 U. S. C. 99) provides:

> "That the several courts vested with jurisdiction of cases arising under the present act shall have power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this act, on such terms as the court may deem reasonable; and *upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction.* The court shall have the same power to increase such damages, in its discretion, as is given

by section sixteen of this act for increasing damages found by verdict in actions of law; and *in assessing profits the plaintiff shall be required to prove defendant's sales only;* defendant must prove all elements of cost which are claimed." (Italics ours.)

The District Court's accounting order, as approved by the Court of Appeals for the Sixth Circuit conflicts with the express provision of the controlling Act of Congress which provides that:

"in assessing profits, the plaintiff shall be required to prove the defendant's sales only;".

The courts may, perhaps, exercise discretion as to *when* profits will be assessed, for trade-mark infringement. Under the Act of 1905, they have no discretion as to *how* the profits shall be assessed.

(b).

This ruling conflicts with the applicable decisions of this Court.

The Court of Appeals correctly observed that the Petitioner's *substantive* rights were not enlarged by registration of its trade-mark, but it erroneously concluded that under the holding of this Court in *Erie Railroad Co.* v. *Tompkins*, 304 U. S. 64, the local law of Michigan would supersede the remedial provision of the pertinent Act of Congress in determining the relief to be allowed. It was upon this theory that the Court of Appeals ignored the provision of Section 19 of the Trade-Mark Act of 1905 (15 U. S. C. 99) which provides for redress for infringement of a registered trade-mark.

This Court discussed the effect of the Trade-Mark Act of 1905 in *American Trading Co.* v. *H. E. Heacock Co.*, 285 U. S. 247. In that case it was stated that:

"* * * the Federal statute did not attempt to create exclusive substantive rights in marks, or to afford a refuge for piracy through registration under the Act, but *to provide appropriate procedure and to*

give the described protection and remedies where property rights existed." (P. 258.) (Italics ours.)

In view of the substantially identical language of the profits and damages clauses in the Patent Act (35 U. S. C. 70) and the Trade-Mark Act of 1905 (Sec. 19; 15 U. S. C. 99), it appears that the authorities construing that provision of the Patent Act apply with equal force to the corresponding provision of the Trade-Mark Act of 1905.

In the patent case of *Duplate Corp.* v. *Triplex Safety Glass Co.*, 298 U. S. 448, this Court defined profits as "what the infringer makes" and damages as "what the owner of the patent loses by such infringement". The same definitions must apply in trade-mark cases.

The Court of Appeals reached the illogical conclusion that the profits to be accounted for by the infringer should be measured by the damage to the Petitioner as a result of sales lost. The Petitioner was allowed to recover only the profits on the actual sales lost by the Petitioner to the Respondent. This might be an appropriate measure of damages, but it certainly is not a proper basis for awarding profits, and this Court has so held.

> "The wrongdoer must yield the gains begotten of his wrong." *Duplate Corp.* v. *Triplex Safety Glass Co.*, *supra*, at p. 457.

The ruling in the instant case is in conflict with the foregoing principle. Whereas a wrongdoer is required to yield up his gains from his sales of the infringing goods under the prevailing rule, the Court of Appeals in the instant case requires the wrongdoer to account only for the profits gained from infringing sales which the Petitioner can prove it would actually have made except for the infringement. This Court has rejected any such basis for assessing profits:

> "He (the infringer) cannot appeal to a court of conscience to cast the loss upon an innocent patentee and by judicial decree repeal the provision of Rev.

Stat. Sec. 4921, U. S. Comp. Stat. 1901, p. 3395, which declares that, in case of infringement, the complainant shall be entitled to recover the 'profits to *be accounted* for by the defendant'." *Westinghouse E. & M. Co.* v. *Wagner E. & M. Co.*, 225 U. S. 604, 620.

"But upon a bill in equity by the owner against infringers of a patent, the plaintiff is entitled to recover the amount of gains and profits that the defendants have made by the use of his invention." *Tilghman* v. *Proctor*, 125 U. S. 136, 144.

This Court pointed out, in *Leman* v. *Krentler-Arnold Hinge Last Co.*, 284 U. S. 448, that the profits which are recoverable against an infringer are in fact a compensation for the injury the patentee has sustained from the *invasion of his right.* The infringer is converted into a trustee for the profits from the infringement.

The same principle is enunciated in the leading case of *Hamilton-Brown Shoe Co.* v. *Wolf Bros. & Co.*, 240 U. S. 251:

"The right to use a trade-mark is recognized as a kind of property of which the owner is entitled to the exclusive enjoyment to the extent that it has been actually used (citing cases). The infringer is required in equity to account for and yield up his gains to the true owner upon a principle analogous to that which charges a trustee with the profits acquired by wrongful use of the property of the *cestui que trust.* • • • And profits are then allowed as an equitable measure of compensation, on the theory of a trust *ex maleficio.*" (P. 259.)

Continuing the same case, this Court quoted with approval the reasoning of the Supreme Court of California in *Graham* v. *Plate*, 40 Cal. 593, 598, 6 Am. Rep. 639, 640, as follows:

"In sales made under a simulated trade-mark, it is impossible to decide how much of the profit resulted from the intrinsic value of the commodity in the market, and how much from the credit given to it by the trade-mark. In the very nature of the case, it

would be impossible to ascertain to what extent he could have affected sales and at what prices except for the use of the trade-mark. No one will deny that *on every principle of reason and justice the owner of the trade-mark is entitled to so much of the profit as resulted from the use of the trade-mark.* The difficulty lies in ascering what proportion of the profit is due to the trade-mark, and what to the intrinsic value of the commodity; and as this cannot be ascertained with any reasonable certainty, *it is more consonant with reason and justice that the owner of the trade-mark should have the whole profit than that he should be deprived of any part of it by the fraudulent act of the defendant.*" (Italics ours.)

The instant case is within the scope of the above quoted decisions of this Court. The Court of Appeals for the Sixth Circuit disregarded but did not distinguish these decisions and affirmed the judgment of the District Court.

The fallacious legal theory upon which the instant case was decided is diametrically opposed to the controlling Act of Congress and the authority of this Court. If this case is permitted to become the law of the Sixth Judicial Circuit, the law of trade-marks will be seriously disturbed thereby.

(c).

This ruling conflicts with the holdings of the Courts of Appeals for the Third and Seventh Circuits in the same matter.

The decision of the Court of Appeals for the Sixth Circuit in the instant case conflicts with decisions of other Courts of Appeals on the same legal question.

Only a few months prior to the decision in the instant case, the Court of Appeals for the Seventh Circuit decided the case of *Aladdin Mfg. Co. v. Mantle Lamp Co. of America,* 116 F. 2d 708, and in that case, the said Court of Appeals followed the decision of this Court in *Hamilton-*

Brown Shoe Co. v. *Wolf Bros. Co., supra,* and the related authorities, and granted the relief provided for in Section 19 of the Trade-Mark Act of 1905 (15 U. S. C. 99).

In the *Aladdin* case, as in the instant case, an effort was made by the infringer, as in the instant case, to have the accounting for profits from trade-mark infringement limited "on the ground that no evidence of lost sales or of actual damages had been introduced".

The Court of Appeals for the Seventh Circuit in the *Aladdin* case rejected any such limitation on the accounting for profits and declared:

> "Under 15 U. S. C. A., Section 99 and Section 96, in an accounting for profits from infringement of a trade-mark, appellant was required to prove appellee's sales only and the latter was under obligation to prove all elements of costs which it claimed" (p. 712). "Gains and profits are still the proper measure of damages in equity suits, except in cases where the injury sustained by the infringement is plainly more than the aggregate of what was made by the respondent, in which event the provision is that the complainant shall be entitled to recover, in addition to the profits to be accounted for by the respondent, the damages he has sustained thereby (citing cases).
>
> "In law the infringer 'is regarded as a mere wrong doer compelled to make compensation for the injury he has inflicted. In equity, he has a double character, being first treated as a species of agent or trustee practicing the invention for the benefit of its true owner and obliged to pay to him the profits of the enterprise, and then, if, in the judgment of the court, the interests of the plaintiff so require, mulcted as a tort-feasor in a sum sufficient to redress the injury which the plaintiff has sustained.' 3 Robinson on Patents, § 1050." (p. 715).

The *Aladdin* case involves precisely the same question as the instant case, namely: *"When profits are assessed for infringement of a trade-mark registered under the Act of*

1905, may the trade-mark owner be required to prove lost sales and actual damage?" The Court of Appeals for the Seventh Circuit answered: *No.* The Court of Appeals for the Sixth Circuit answered: *Yes.*

The Court of Appeals for the Third Circuit in the case of *Duro Co.* v. *Duro Co.*, 56 F. 2d 313, recognized that the Trade-Mark Act of 1905 (Sec. 19, 15 U. S. C. 99) was controlling and stated:

> "Under the act of Congress, therefore, it is clear that in assessing profits, the plaintiff is only required to prove defendant's sales; defendant must prove all elements of cost which are claimed" (p. 314).

In the *Duro* case, the plaintiff used its mark on internal combustion engines and the defendant used the infringing mark on spark plugs. The infringer was required to account for profits on the theory that by using the infringing mark, the defendant appropriated to its spark plugs the reputation of the internal combustion engine manufacturer.

In the instant case, the right to profits on the infringing sales is even more apparent than in the *Duro* case. Here, the goods are identical, *i. e.*, rubber heels. Only the channels through which they reach the public are different. The Respondent sells its rubber heels separately. The Petitioner sells its rubber heels as a part of and attached to completed boots and shoes.

Obviously, a serious conflict exists between the decision of the Court of Appeals for the Sixth Circuit in the instant case and the decisions of the Courts of Appeals for the Third and Seventh Circuits in the *Duro* and *Aladdin* cases, respectively.

Point II.

The Court of Appeals for the Sixth Circuit Affirmed the Judgment of the District Court Which Found Damage to the Petitioner Arising Out of the Respondent's Acts of Trade-Mark Infringement, But Refused to Allow an Account for Damages.

(a) This refusal of damages ignores the controlling Act of Congress.

(b) This refusal of damages conflicts with the holdings of the Courts of Appeals for the Seventh Circuit in the same matter.

(a).

This holding ignores the controlling Act of Congress.

The Court of Appeals for the Sixth Circuit affirmed the judgment of the District Court which found that:

> "The heels sold by the defendant (Respondent) were of inferior quality as compared to the heels manufactured and sold by the plaintiff (Petitioner) and attached to their product and *this tended to destroy the good will created by the plaintiff in the manufacture of its superior product.* Likewise, when one of the defendant's heels was attached to footwear not manufactured by the plaintiff it would tend to cause purchasers to believe that the entire article of footwear was manufactured by the plaintiff." (R. 252, par. 11.) (Italics ours.)

Section 19 of the Trade-Mark Act of 1905 (15 U. S. C. 99) provides that:

> "* * * upon a decree being rendered in any such case for wrongful use of a trade-mark *the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby,* and the court shall assess the same or cause the same to be assessed under its direction." (Italics ours.)

The accounting for damages provided for in the Act of Congress was not allowed, even though the District Court found that the acts of the Respondent tended to destroy the Petitioner's good will to an extent beyond the particular article as to which profits were awarded.

(b).

This holding conflicts with the holding of the Court of Appeals for the Seventh Circuit in the same matter.

The refusal of the Court of Appeals for the Sixth Circuit to allow an accounting for damages in the instant case conflicts with the decision of the Court of Appeals for the Seventh Circuit in *Aladdin Mfg. Co.* v. *Mantle Lamp Co. of America, supra,* involving the same question.

In the *Aladdin* case an accounting for damages was ordered in accordance with, the provisions of the Trade-Mark Act, notwithstanding the fact that no proof of actual damage had been introduced. In the instant case it was found that the Respondent's trade-mark infringement tended to injure the Petitioner, but no accounting for damages was allowed.

The law of the Seventh Circuit on this proposition is shown by the following pertinent passage from the decision in the *Aladdin* case:

> "The Act of Congress looks to the recovery of 'damages'; it does not exclude exemplary damages; rather it must be taken to include all damages ordinarily recoverable under the facts and circumstances presented" (p. 716).

In both the *Aladdin* case and the instant case, there was injury to the trade-mark owner's good will. The Court of Appeals for the Seventh Circuit in the *Aladdin* case held that for such injury the complainant was entitled to compensatory damages. The Court of Appeals for the Sixth

Circuit, in the instant case, failed to allow an award of damages.

In the *Aladdin* case, exemplary damages were allowed because of the wilful and wanton conduct of the infringer.

The persistent and wilful infringement by the Respondent would appear to entitle the Petitioner to exemplary or punitive damages under the principle followed by the Court of Appeals for the Seventh Circuit in the *Aladdin* case. Obviously, a contrary and conflicting principle was invoked by the Court of Appeals for the Sixth Circuit, in the instant case.

Point III.

The Court of Appeals for the Sixth Circuit Refused to Enjoin the Continued Sale by the Respondent of Heels Bearing Marks Exactly Like the Infringing Marks Except for Color and Which by Association Had Acquired the Same Significance of Origin as the Infringing Marks.

(a) This involves a question of the law of trade-marks (and unfair competition) which has not been but should be settled by this Court.

A specimen of one type of rubber heel (Plaintiff's Exhibit No. 16) manufactured by the Petitioner and bearing the Petitioner's registered red circular figure trade-mark is illustrated in the photographic insert following page 22 of this Brief.

The District Court found and the Court of Appeals for the Sixth Circuit affirmed the finding that the Respondent's red circular figure trade-marks as exemplified in Plaintiff's Exhibits Nos. 79 and 54, in the photographic inserts infringed the Petitioner's registered trade-mark. The four other trade-marks shown on the heels of Plaintiff's Exhibits 59, 37, 33 and 48 illustrated in the photographic insert were not found to infringe and the sale thereof was not

enjoined. Failure to find that Respondent's trade-marks in colors other than red infringed is believed to have been error. The determination of whether the other marks infringe involves an important question of trade-mark law which has not been but ought to be settled by this Court.

The Respondent's orange circular figure trade-mark, exemplified in Plaintiff's Exhibit No. 59, and the infringing red circular figure trade-mark, exemplified in Plaintiff's Exhibit No. 79, *are exactly alike except for the slight difference in color.* The Respondent displayed its heels bearing these marks indiscriminately mixed together (R. 437) on the same counters, so that they were associated side by side when viewed by the purchasing public. It would be apparent to even the most casual customer that the orange circular trade-marked heels were products of the same manufacturer as the heels bearing the infringing red circular trade-marks.

The green circular trade-mark on Respondent's heel, identified as Plaintiff's Exhibit No. 37, and the infringing red circular trade-mark on Respondent's heel, identified as Plaintiff's Exhibit No. 54, *are exactly alike except in color.* When viewed side by side as Respondent displayed them, they unquestionably are intended to and do signify that the heels on which they appear emanate from the same source. It was the policy of the Respondent to display and mix the heels bearing these marks together so that the customers invariably viewed them side by side.

The Respondent's tan diamond trade-mark, as exemplified in Plaintiff's Exhibit No. 33, is definitely related to the heels bearing the Respondent's infringing red circular figure trade-mark (Plaintiff's Exhibit No. 79). Both bear the same Crusader head embossment. The heels bearing these trade-marks were mixed and displayed together on Respondent's store counters, thus enabling customers to observe their obvious relationship.

The Respondent's beige circular figure trade-mark, as exemplified in Plaintiff's Exhibit No. 48, while bearing a different embossment than either of Respondent's red circular marks, *was one of a group* of differently colored and differently embossed circular marks used on Respondent's heels and was identified with the infringing marks through side by side association of the heels bearing the respective marks.

It is respectfully urged that by its use of exactly the same marks in other colors and the indiscriminate mixing together of heels bearing the various marks, Respondent imparted to all its marks the same significance of origin as the red marked heels and Respondent should have been enjoined from selling heels bearing any and all of the trade-marks shown in the photographic insert.

The unique aspect of this case is that the infringer did not conscientiously avoid infringement after notice, but persisted for a long time after notice, and, while seeming to reassure Petitioner, took advantage of its continued flagrant use of the infringing red marks to establish, by similarities and mixing, such relationship of other color marks to the red marks that its other color marks would eventually serve the purpose of the red marks and signify the same origin as the red marks.

The Patent Office tribunals and the courts on appeal therefrom have consistently held that color alone is not a sufficient distinction to avoid infringement.

Also the Court of Appeals for the Eighth Circuit in *Layton Pure Food* v. *Church & Dwight*, 182 Fed. 35, held that the infringer could not use an annular band of any color on its labels, regardless of the trade-names and pictures which might be associated therewith because of the plaintiff's prior adoption of a colored annular band.

On the other hand, it was remarked by the Court of Appeals for the Sixth Circuit in deciding the instant case

that a red cross, for example, would distinguish from a black cross sufficiently to avoid infringement.

It is evident that the law of trade-marks is not settled as to whether an infringer can avoid infringement by mere change of color. Nor has it been settled whether an infringer can mix the identical goods bearing infringing and otherwise non-infringing marks together so as to establish a relationship between them and to extend the reputation of the infringing mark to the goods bearing the marks which might otherwise not infringe.

In view of the importance of this question to the field of trade-mark law, and the subtle effectiveness of this technique for continuing and extending the benefits of infringement, it is urged that this Court should explore the question and settle the law with respect thereto.

Conclusion.

Wherefore, Petitioner earnestly prays that the Petition for Writ of Certiorari be granted, the case be reviewed, and the decree of the Court of Appeals for the Sixth Circuit, denying the petitioner the relief to which it is entitled by law, be reversed.

Respectfully submitted,

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,

Petitioner,

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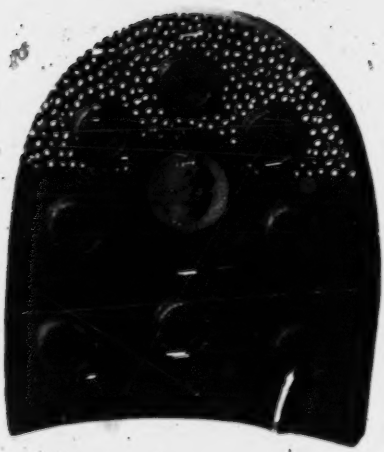
PETITIONER'S HEEL

PLAINTIFF'S EXHIBIT
NO. 16

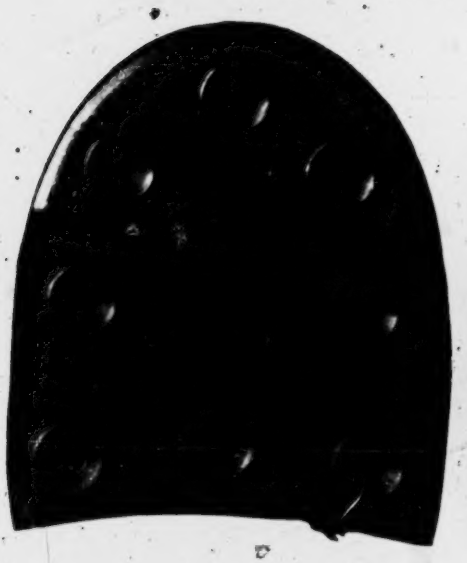
RESPONDENT'S HEELS



PLAINTIFF'S EXHIBIT
NO. 79

PLAINTIFF'S EXHIBIT
NO. 59

RESPONDENT'S HEELS



PLAINTIFF'S EXHIBIT
NO. 54

PLAINTIFF'S EXHIBIT
NO. 37

PLAINTIFF'S EXHIBIT
NO. 33

PLAINTIFF'S EXHIBIT
NO. 48